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CEO International Experience and Foreign IPOs

Abstract

This paper examines listing location as a managerial decision by using a sample of IPOs of Chinese entrepreneurial firms in mainland China, the United States and Hong Kong. We find that Chinese entrepreneurial firms managed by CEOs with international experience are more likely to undertake foreign IPOs, especially those returned from countries with more advanced legal institutions and those operating in high-tech industries. The credibility crisis for Chinese firms in 2010 switched the focus of foreign IPOs from the US to Hong Kong. These results are consistent across returnee CFOs and other senior executives with international experience.

Key words: CEO, international experience, Returnee, Foreign IPOs, Entrepreneurial firms

JEL code: L21, F23, G34, L26, M12

1. Introduction

The human capital of the management team is important to the development of entrepreneurial firms (Chen, 2011; Zhang, 2017; Zimmerman, 2008), and various individual traits, such as leadership, expertise, experience, gender, and personality, are found to affect firm outcomes in entrepreneurship studies (Bruneel et al., 2018; Carter et al., 2007; Shrader and Siegel, 2007; Zona, 2016). Wilson et al. (2007) suggest that background or past experience may affect both personal effectiveness and future employment options; hence, international experience may not only be beneficial to returnees' ¹ career development but may also contribute to the development of their employers' business. No country sends more students overseas than China does every year, growing from 144,500 in 2007 to 413,900 in 2013.² The role of Chinese returnee entrepreneurs in science start-ups has been studied by Wright et al. (2008) among others. However, the impact of returnees on the internationalization of entrepreneurial firms is unclear. In this study, we examine the role of CEOs' international experience on IPO listing decisions of Chinese entrepreneurial firms.

Although the capital markets of emerging markets provide good opportunities to access the external equity capital, the poor investor protection hammers the valuation and growth of firms (La porta et al., 2002). Firms from countries with relatively low investor protection enjoy long-term growth by conducting IPOs in foreign countries with strong investor protection (Doidge et al., 2004). In particular, undertaking IPOs in foreign developed capital markets could help entrepreneurial firms improve their corporate governance (Cumming et al., 2015) and a better information environment (Baker et al., 2002).

¹ Returnees are known as people return to their home country with the international experience.

²See: <http://www.eol.cn/html/lx/2014baogao/content.html>

Due to institutional differences and information asymmetries, entrepreneurial firms headquartered in emerging markets have to face the disadvantages of foreignness and of newness when undertaking foreign IPOs in developed capital markets (Zaheer and Mosakowski, 1997; Certo, 2003)³. Existing literature in entrepreneurship studies shows that several factors could help entrepreneurial firms overcome such barriers and help them to list in foreign capital markets. These include venture capital participation (Hursti and Maula, 2007; Cheng and Schwienbacher, 2016), technological orientation (Hursti and Maula, 2007), or top management team foreign experience (Hursti and Maula, 2007). However, the literature has not studied the impact of CEOs with international experience on undertaking foreign IPOs in entrepreneurial firms.

This study focuses on CEOs because they play a key role in corporate decision-making. For example, Blankespoor et al., (2017) argue that the international experience of a CEO may reduce information asymmetry through the presentations in IPO roadshows, which is positively associated with IPO outcome. They also possess the foreign networks resources and the tacit knowledge of advanced foreign institution (An et al., 2017) that could facilitate the firms to access to foreign markets. We expect that returnee CEOs could help overcome barriers of foreignness and newness that Chinese entrepreneurial firms face when listed abroad, and hence affect the appeal of a foreign listing.

We focus on IPOs in Growth Enterprise Markets (GEM) to test the impact of returnee CEOs on the listing choices because GEMs provide financial opportunities with flexible listing requirements. Using a hand-collected sample of 355 IPOs in the ChiNext board market, 33 IPOs in the NASDAQ market, and 23 IPOs in the HK Growth Enterprise Market between 2009 and

³ Private firms face the liability of newness because potential investors know less information for firms undertaking IPOs. In addition, those private firms of emerging markets undertaking IPOs in foreign developed capital markets further suffer the liability of foreignness, because it extends beyond the walls of the firms to include the macroeconomic and institutional environment of the firm's country of origin (Hymer, 1960).

2012, we find that entrepreneurial firms with returnee CEOs are more likely than firms without to list on the US or HK markets rather than the ChiNext market. The likelihood of a foreign IPO is greater if returnee with overseas experience in countries with more advanced legal institutions. Prior to the press reports of financial fraud of US-listed Chinese firms the influence of returnee CEOs was more pronounced when the entrepreneurial firms operated in high-tech industries. However, this preference does not survive after 2011. We also find that entrepreneurial firms with returnee CEOs are negatively associated with IPO underpricing until 2011 in the US market are associated with higher IPO pricing, and subsequently have the lower first day return. The credibility crisis also spread to Chinese firms listed in the HK market, where returnee CEOs were not significantly associated with IPO underpricing after 2011.⁴ Finally, since the characteristics of the top management team has an impact on the IPO decision (Hursti and Mauls, 2007) and their performance (Zimmerman, 2008), we also test the impact of other senior executives with international experience on foreign IPOs. The results are consistent.

This paper makes four main contributions to the literature. First, this is the first study of the role of Chinese returnees in the foreign IPO choice of entrepreneurial firms. The literature mainly focuses on the impact of returnee entrepreneurs in early-stage entrepreneurial firms (Wright et al., 2008; Filatotchev et al., 2009; Liu et al., 2010; Filatotchev et al., 2011; Lin et al., 2016). Although a few studies have examined the impact of returnee entrepreneurs on internationalization by focusing on the channel of exportation in start-ups (Filatotchev et al., 2009), the role of returnee CEOs of entrepreneurial firms in undertaking foreign IPOs is not clear. Second, this paper is related to studies on the impact of top management team member characteristics on the development of entrepreneurial firms (Chen, 2011; Zhang, 2017; Hursti and Mauls, 2007;

⁴ There is no Chinese entrepreneurial firm listed on the HK GEM (Growth Enterprise Market) board in 2009 and 2010 in our sample.

Zimmerman, 2008). Chen (2011) examines the role of guanxi in influencing the decision of an individual to be an entrepreneur facing a risky technology or to become a worker facing an unemployment rate. Zhang (2017) shows the importance of elder managers helps firms to realize the potential benefits of agglomeration. Hursti and Mauls (2007) study the international experience of the top management team reduces the home bias of companies in choosing IPO markets. Zimmeman (2008) finds that top management team heterogeneity, for example in terms of the functional background or educational background, is associated with greater capital accumulation. We contribute to this strand of the literature by finding that the international experience of the CEO, chair, CFO, and other senior executives has an impact on undertaking foreign IPOs. Third, this paper is related to empirical studies exploring the factors that could affect the foreign IPOs of entrepreneurial firms (Cheng and Schwienbacher, 2016; Zhang and Yu, 2017). Finally,

2. Institutional Background

Although privately owned companies are the cornerstone of Chinese economic growth (Allen et al., 2005), these private entrepreneurial firms often face financial constraints (Poncet et al., 2010; Ding et al., 2013). In developed countries, second board capital markets are normally in place to facilitate equity financing of entrepreneurial firms. For example, growth enterprise markets (GEMs) have been widely established for the development of innovative entrepreneurial enterprises, including NASDAQ in the US, the Alternative Investment Market (AIM) in the UK, and Catalist in Singapore. In October 2009, ChiNext, China's GEM, was launched in the Shenzhen Stock Exchange to 'promote the development of innovative enterprises and other growing start-ups',⁵ and 355 entrepreneurial firms were listed by the end of 2012. The listing requirements of

⁵ <http://www.szse.cn/main/en/ListingatSZSE/ListingQA/>

the ChiNext board are substantially more flexible than those of the main board market. For example, one of the requirements of the ChiNext board is that accumulated profits cannot be less than RMB 10 million and must represent continued growth in the last two years, while the SZSE main board requirement is that net profits cannot be lower than RMB 30 million in aggregate over the last three years.⁶ The ChiNext board provides a new platform for the financing of all types of entrepreneurial firms, and offers significant opportunities to returnees. For example, more than 30 returnees became billionaires after the first round of IPOs on the ChiNext board in October 2009.⁷

3. Theory and Hypotheses Development

3.1 IPO Markets Selection

Since 2009 Chinese firms have a choice between access the ChiNext and GEMs in other countries. Although GEMs in both China and overseas countries provide good opportunities to access external capital, firms seeking IPOs in the foreign capital market are motivated to improve the corporate governance (Cumming et al., 2015) or a better information environment (Baker et al., 2002). In particular, firms from countries with relatively low investor protection enjoy long-term growth by conducting IPOs in foreign countries with strong investor protection (Doidge et al., 2004).

However, entrepreneurial firms from emerging markets face challenges to access and raise funds from the foreign developed equity capital market. In addition to language, culture, and distance obstacles, issuer companies from emerging markets primarily suffer from the cost of the liability of foreignness (Zaheer and Mosakowski, 1997). The liability of newness (Certo, 2003) is

⁶ <http://www.szse.cn/main/en/ListingatSZSE/ListingRequirements/>

⁷ <http://finance.sina.com.cn/focus/cybfh/>

also seen as an additional barrier for entrepreneurial firms aiming to raise funds from the foreign equity capital market, as firms often have a short operating history and little publicly available information. The compounded cost of both the liability of foreignness and newness are challenging for entrepreneurs from emerging economies trying to access developed equity capital markets. There are two potential explanations. Firstly, the entrepreneurial firm may be undervalued due to the information asymmetry between the issuer from the emerging economy and the prospective investors from the developed countries. For instance, prospective may be concerned about the institutional development and legitimacy of emerging economies (Cumming et al., 2015), as issuers may lack important effective governance mechanisms (Peng et al., 2008). Foreign investors may fail to fully appreciate the success of privately owned firms from emerging countries. Conversely, foreign IPOs may be disadvantaged by limited understanding of the legal, market, and regulatory systems of the “host market” (Cumming et al., 2015). This two way unfamiliarity may reduce the valuation of IPOs from emerging countries in developed capital markets.

Secondly, foreign issuers may lack both the foreign network resources and the foreign institutional expertise in the IPO market. The IPO process relies on several financial service institutions, such as underwriters, lawyers, venture capitalists, and auditors. Without a connection to these financial service institutions that shape IPO outcomes entrepreneurial firms are less likely to conduct IPOs in foreign markets (Florida and Kenney, 1988; Pollock et al., 2004; Mason and Pierrakis, 2013).

According to the “signaling theory”, managers could help signal the quality of IPO firms to potential investors, and reduce the information asymmetry (Certo, 2003). Wu et al. (2007) further show that managers would be a signal to the market by utilizing a personal credit line to finance their businesses. We argue that the international experience of returnee CEOs could help

Chinese entrepreneurial firms effectively reduce the liabilities of foreignness and newness by sending “internationalization signal” and “bonding signal” to potential investors in IPOs. More specifically, first, since returnees could benefit from the international experience, returnee CEOs possess the knowledge of the developed capital market and send an effective signal that entrepreneurial firms can alleviate the legitimacy issue (Certo, 2003; Certo, Daily, & Dalton, 2001a). This could help foreign IPO firms to reduce the information asymmetry for potential foreign investors, and then overcome the liabilities of foreignness and newness. Blankespoor et al. (2017) further confirm importance of CEOs in IPO process by studying the IPO roadshow presentations. They find that perceptions of a CEO, as observed in during IPO roadshow presentations, are positively related to IPO pricing, which implies that CEOs could help reduce information asymmetry. Second, Chinese returnees have access to social network resources and foreign institutional expertise from international professional, academic, and general life experience. Returnee CEOs also have the ability to help entrepreneurial firm issuers effectively communicate with financial institutions. We therefore expect that Chinese entrepreneurial firms with returnee CEOs are more likely to go public in developed foreign capital markets compared with those without returnee CEOs. We thereby develop our hypothesis 1a below.

Hypothesis 1a: Chinese entrepreneurial firms with returnee CEOs are more likely to undertake IPOs in developed foreign markets.

Since the strength of the legal institution varies around the world (La porta et al., 1998) and the strong investor protection is associated with high corporate valuation (La porta et al., 2002), returnee CEOs with experience of countries with stronger legal institutions have better understanding the importance of investor protection. La porta et al. (1998) find that English common law counties are associated with better investor protection comparing with French civil

law countries because of the strict enforcement of the law. Therefore, CEOs returned from “host countries” with stronger legal institutions may be more familiar with the US and HK market. The legal institutions could be measure by three ways following (La porta et al., 1998): 1) whether the legal origin of the “host country” is common law; 2) assessment of the law and order tradition in the “host country”; 3) the assessment of the corruption in government of the “host country”⁸. We therefore also predict that the likelihood of a foreign IPO is greater if the returnee CEO has the overseas experience in the countries with more advanced legal institutions.

Hypothesis 1b: H1a is more pronounced for returnee CEOs returned from countries with more advanced legal institutions.

3.2 Moderating Effects for High-tech Industries

High-tech entrepreneurial firms may perceived as risky by investors (Daily, Certo, & Dalton, 2005). Hursti and Maula (2007) argue that high-tech firms seek overseas investors because they are more likely to understand the associated risks. Pagano et al. (2002) and Hursti and Maula (2007) find that R&D intensive firms and high-tech firms are more likely to seek foreign IPOs, where venture capital markets are more developed and such market would have better perception about the riskiness of technological oriented firms. More importantly, countries with strong shareholder protection further help entrepreneurial firms to increase the long-run rates of R&D investment (Brown et al., 2013), which is important for high-tech firms. Thus, we hypothesize the following:

⁸ The high score indicate lower corruption in the “host country”.

Hypothesis 2: Returnee CEOs are more likely to undertake foreign IPOs if their firms operate in high-tech industries.

3.3 Moderating Effects for the Credibility Crisis

Muddy Waters (MW) LLC is an investment research firm that conducts business research for the public and also undertakes short selling. Its research focuses on business fraud, accounting fraud, and other fundamental business problems and may include short-selling firms before adverse publicity comes to light. MW came to prominence by successfully revealing several fraudulent Chinese companies listed on US markets which preceded sharp falls in the issuers stock price. For example, MW reported that Orient Paper⁹, a U.S.-listed Chinese firm, greatly overstated their revenues on 28 June 2010, and the stock price of the company fell by about 56% in the following 220 trading days.

This series of disclosures of fraud by Chinese companies by triggered a number of fraud investigations of Chinese firms listed on the US market, and further caused a credibility crisis at the market level.¹⁰ Jindra et al. (2012) document that Chinese firms listed on the US market are increasingly subject to investigations and securities class actions since 2010 and this led to a decrease in firm value. This sends a signal of mistrust and opacity of Chinese entrepreneurial firms in the US capital market. Consequently, US-listed Chinese firms tend to face a difficult environment, which has discouraged IPO in the US market and the number of Chinese IPOs in NASDAQ has dropped substantially since 2011. Although returnee CEOs are viewed as the signal of trust and transparency of entrepreneurial firms, they still cannot reverse the negative impact of

⁹ <http://www.muddywatersresearch.com/research/orient-paper-inc/initiating-coverage-onp/>

¹⁰ The companies include NASDAQ:RINO, AMEX:NEP, NASDAQ:CSKI, NASDAQ:CHBT, AMEX:CMFO, NYSE:CEU, MEX:ONP.

credibility crisis on the demand and the firm valuation in the market level. Thus, we hypothesize the following:

Hypothesis 3: Chinese entrepreneurial firms with returnee CEOs are more likely to avoid undertaking IPOs in the US market after 2011.

4. Research Method

4.1 Sample and Data Collection Procedure

To test our hypotheses, we identify 355 IPOs of entrepreneurial firms from the Shenzhen ChiNext board market, 33 IPOs of entrepreneurial firms from the NASDAQ market and 23 IPOs of entrepreneurial firms from the Hong Kong second board market from China Stock Market and Accounting Research (CSMAR) database¹¹. We mainly rely on CSMAR and cross check with media coverage to obtain IPOs in the NASDAQ market. IPOs in the NASDAQ market include issuing common shares and issuing American Depositary Receipts (ADR) shares. In addition, our sample excludes IPOs that transfer from the OTC board to NASDAQ as the information on these entrepreneurial firms has already been available to the public investor before listing on the NASDAQ market. In our research, we only focus on the first time entrepreneurial firm transitions from a private owned firm to a publicly owned firm.

The prospectuses are downloaded from *cninfo.com.cn* (Shenzhen ChiNext board market), *hkexnews.hk* (Hong Kong second board market) and EDGAR (NASDAQ market). We hand collect returnee CEOs by reviewing the short biographies in the IPO prospectuses. In addition, firm characteristics, governance characteristics and personal characteristics prior to the IPO are manually collected from the IPO prospectuses.

¹¹ Companies going public through reverse mergers are not included in the sample.

4.2 Dependent Variables

Choice of Market. In order to explore whether an entrepreneurial firm with a returnee CEO or chair chooses the domestic or foreign market, we use three variables measuring the choice of market when entrepreneurial firms go public. *China vs US&HK* is a dummy variable equal to one if the entrepreneurial firm chooses to list on the domestic market (Shenzhen ChiNext board market), and equal to zero if the entrepreneurial firm chooses to list on the foreign market (Hong Kong second board market or NASDAQ market). *China vs US* is a dummy variable equal to one if the entrepreneurial firm chooses to list on the domestic market (Shenzhen ChiNext board market), and equal to zero if the entrepreneurial firm chooses to list on the US market (NASDAQ market).

IPO Underpricing. We use *IPO first day return* to measure the IPO underpricing. *IPO first day return* is measured as the percentage difference between the offer price and the closing price of the first trading day (Certo et al., 2001a).

4.3 Independent Variables

Returnee CEO. CEOs are identified as returnees if they have had overseas working experience, overseas studying experience, overseas permanent residence or foreign nationality. CEOs are not identified as returnees if they work, study or live in Hong Kong, Macau and Taiwan.

Returnee Chairman. Board chairmen are identified as returnees if they have had overseas working experience, overseas studying experience, overseas permanent residence or foreign nationality. Board chairmen are not identified as returnees if they work, study or live in Hong Kong, Macau and Taiwan.

Returnee CFO. CFOs are identified as returnees if they have had overseas working experience, overseas studying experience, overseas permanent residence or foreign nationality. CFOs are not identified as returnees if they work, study or live in Hong Kong, Macau and Taiwan.

Other Returnee Senior Executives. Other senior executives, including vice-president, executive directors, vice-chairman, board secretaries or other senior level executives, are identified as returnees if they have had overseas working experience, overseas studying experience, overseas permanent residence or foreign nationality. Other senior executives are not identified as returnees if they work, study or live in Hong Kong, Macau and Taiwan.

4.4 Control Variables

Following the previous IPO literature, we control for firm-level effects including firm size, firm age, venture capital (VC) ownership, high technology industry, the log of issuance size. Firm size is measured by the natural logarithms of total assets in the financial year prior to the IPO. Firm age is measured as the difference in years between the IPO firm's founding date and the date of the IPO (Daily et al., 2003). VC ownership is the ratio of VC holding shares among total shares before IPOs. Following Certo et al. (2001b), the high tech dummy is equal to one if firms are operating in the high technology industry sectors including computer hardware, computer software, semiconductors and printed circuits, biotechnology, telecommunications, and pharmaceuticals. High tech IPOs in mainland China and Hong Kong are classified by China Listed Company Industry Classification Guidelines and Global Industry Classification Standard, respectively. Following Cheng and Schwienbacher (2016), we also control the log of issuance size. The amount of the issuance size is calculated by Chinese RMB for all companies.

To reflect differences in corporate governance we control for the board size and the board independence. Previous studies show that the board size is positively associated with firm

performance (Certo et al., 2001b; Dalton et al., 1999) and is related to environmental resources (Certo et al., 2001a). We measure board size as the number of board directors prior to the IPO. Daily et al. (2005) argue that a board predominated by independent directors is a signal that effective monitoring and control systems are in place. Board independence is measured by the percentage of independent directors on the board prior to the IPO.

We also control for founder CEO, CEO duality, CEO age. Founder CEO is controlled for as the CEO founder status has an impact on IPO valuation and is perceived as uncertainty (Certo et al., 2001b). Founder CEO codes as a dummy variable equal to one if the CEO is the founder, and zero otherwise. We also control for whether the CEO is the chair of the board. CEO age is measured by the age of CEO prior to the IPO. Descriptive statistics and the correlations between all variables used in our regression models are reported in tables one and two.

Year effects and industry effects are included in all regressions. The year ranges from 2009 to 2012. Industry effect variables are constructed by the first two-digit of Global Industry Classification Standard (GICS).

All variables are defined in Appendix 1. Figure 1 shows the distribution of foreign IPOs over time and Figure 2 the distribution of the host countries for returnee CEOs. Descriptive statistics are given in Table 1.

“Insert Figure 1 and 2”

“Insert Table 1”

5. Results

5.1 Market Selection

To test the impact of returnee CEOs on market selection (H1), we regress *Returnee CEO* on *China vs US&HK*, *China vs US* and *China vs HK* using probit regression models. The results are shown in Table 2. Year effects and industry fixed effects are included in all regressions. Industry effect variables use the first two digits of the Global Industry Classification Standard (GICS). All coefficients reported are the average marginal effects. In column 1, the coefficient of returnee CEO (0.0924, $z=4.01$) shows that entrepreneurial firms led by returnee CEOs are 9.24% more likely to choose to list on the US and HK markets over the mainland China market, at the 1% level. To show that our results are not driven by any specific developed equity capital market, we partition the sample of firms listed in HK and US markets to conduct the test separately. In column 2, the coefficient of returnee CEOs (0.0517, $z=3.48$) indicates that entrepreneurial firms led by returnee CEOs are 5.17 % more likely to choose to list on the US market rather than the mainland China market, at the 1% level. In column 3, the coefficient of returnee CEOs (0.1030, $z=2.6$) indicates that entrepreneurial firms led by returnee CEOs are 10.30 % more likely to choose to list on the HK market rather than the mainland China market, at the 1% level. The results support Hypothesis 1a, that entrepreneurial firms led by returnee CEOs are more likely to list on developed overseas markets¹². In all three models our results suggest that returnee CEOs have an economically significant impact on choice of listing locations with an estimated 9.24% due to returnee CEOs.

“Insert Table 2 Here”

¹² Figure 2 shows that there is no observations for firms listed on HK market during 2009-2010. To avoid the bias of selection, we further test the column 2 and column 3 in table 2 by restricting the sample period during 2009 to 2010 and during 2011 to 2012, separately. The results are robust.

To test H1b regarding the likelihood of a foreign IPO is greater if the returnee CEOs have the overseas experience in advanced legal institutions, we regress *Returnee CEO * Common Law*, *Returnee CEO * Rule of Law*, *Returnee CEO * Corruption* on *China vs US&HK* using probit model. The results are reported in Table 3. All the coefficients reported are the average marginal effects. In column 1, the coefficient of *Returnee CEO* Common Law* (0.0942, $z=4.09$) shows that entrepreneurial firms led by returnee CEOs with overseas experience in common law countries are 9.42% more likely to choose to list on the US and HK markets over the mainland China market, at the 1% level,. In column 2, the coefficient of *Returnee CEO * Rule of Law* (0.0188, $z=3.95$) shows that entrepreneurial firms with returnee CEOs having overseas experience in countries with stronger rule of law are 1.88% more likely to choose to list on US and HK markets at 1% level. In column 3, the coefficient of *Returnee CEOs * Corruption* (0.0132, $z=4.00$) shows that entrepreneurial firms with returnee CEOs having overseas experience in countries with lower corruption are 1.32% more likely to choose to list on US and HK markets at 1% level. The results provide evidence to support Hypothesis 1b, imply that the overseas experience in countries with advanced legal institutions are more likely to get listed on foreign markets.

“Insert Table 3”

5.2 Moderating Effects for High-tech Industry and Muddy Water Research

To test Hypothesis 2, we further incorporate the interaction term between *Returnee CEO* and *high-tech* in column 1 of Table 4. All coefficients reported are the average marginal effects. We regress the interaction term of *Returnee CEO* and *high-tech* on *China vs US* using probit regression analysis, and show the results in Panel A of Table 4. The coefficient (0.0870, $z=1.70$) of the interaction term indicates that entrepreneurial firms with returnee CEOs are more likely to

undertake IPOs in the US and HK markets when they operate in high-tech industries. The results support our Hypothesis 2.

To test Hypothesis 3, we incorporate *Post2011* (dummy variable defined in Appendix) and the interaction term between *Returnee CEO* and *Post2011* in column 2 of Table 4. All coefficients reported are the average marginal effects. We regress the interaction term of *Returnee CEO* and *Post2011* on *China vs US* by using probit regression analysis, and present the results in Panel B of Table 4. The coefficient (-0.0554, $z=-2.13$) of the interaction term (*Returnee CEO*Post2011*) indicates that entrepreneurial firms led by returnee CEOs are less likely to be listed in the US NASDAQ market than the ChiNext board market after 2011, which supports our prediction.

“Insert Table 4 Here”

5.3 IPO Underpricing

According to signaling theory (Certo, 2003; Certo, Daily, & Dalton, 2001a) and Blankespoor et al. (2017), if CEOs reduce information asymmetry, then firms could increase the IPO price. We test whether entrepreneurial firms with returnee CEOs are related to IPO pricing in foreign IPOs. IPO underpricing, which is here measured by the IPO first day return, is an indicator of information asymmetry. If returnee CEOs facilitate foreign IPOs by reducing information asymmetry, firms with returnee CEOs could have higher IPO pricing, and then the first day return may be lower. Furthermore, the Muddy Water effect could also affect IPO pricing in the US market by increasing risk. Therefore, we predict that entrepreneurial firms with returnee CEOs are negatively associated with IPO underpricing in the US market before 2011, and the negative relation disappears after the credibility crisis. Entrepreneurial firms with returnee CEOs are negatively associated with IPO underpricing in the HK market after 2011, because the credibility crisis did not affect the HK market. To test our prediction, we regress *Returnee CEO*, *US Market*,

and the interaction term of *Returnee CEO* and *US Market* on *IPO first day return*. The results are shown in Panel A of Table 5. Firm characteristics, CEO characteristics, year effects, and industry effect are included in the regression. In column 1 of Table 5, Panel A, the coefficient (-0.3882 , $t=-2.07$) of *Returnee CEO*US Market* indicates that entrepreneurial firms with returnee CEOs are negatively related to IPO underpricing in US markets before 2011, at the 5% significance level. In column 2 of Table 5, Panel A, the coefficient (0.2199, $t=1.39$) of *Returnee CEO*US Market* indicates that entrepreneurial firms with returnee CEOs are not related to IPO underpricing in US markets after 2011, due to the credibility crisis in the market level. In addition, we also test whether the credibility crisis influences the valuation of returnee CEOs in the HK market. The results are shown in Panel B of Table 5. The coefficient (-0.1440, $t=-1.34$) of *Returnee CEO* HK Market* indicates that entrepreneurial firms with returnee CEOs are not significantly associated with lower IPO underpricing in the HK market after 2011. The results provide complementary evidence that returnee CEOs send a good signal and could reduce information asymmetry, which is in line with Blankespoor et al. (2017).

“Insert Table 5 Here”

5.4 Reverse Causality

An alternative interpretation of our results could be that an entrepreneurial firm may appoint a returnee as the CEO before the IPO for window-dressing purposes: a form of reverse causality. To address this concern by using three subsamples. Firstly, we examine the subsample in which CEOs are also founders. Since founders are in charge of the firm daily operation from the establishment of the firm, they are unlikely to be appointed as CEOs as window dressing. We firstly limit our sample firms with founder CEOs. Secondly, we examine the subsample in which CEOs are also board chairs. Since the chairman of the board is normally the largest shareholder of

the entrepreneurial companies in China, CEOs that serve as chairs are often ultimate controllers, and manage firms for a long time prior to IPO proposal. Therefore, they are unlikely to be appointed as CEOs for the window dressing purpose. Thirdly, we examine the subsample in which CEOs are also founders or CEOs are also chairs of the board because founders or chairs of the board are unlikely to be appointed CEOs for window dressing purpose.

We split the sample by whether CEOs also serve as chair, and test the role of returnee CEOs in foreign IPOs in the subsample of chairman CEOs. Thirdly, we examine the subsample in which CEOs are also both board chairs and founder. The results in Table 6 replicate the regression analysis of column 1 of table 2, and all coefficients reported are the average marginal effects. In column 1, the coefficient of *Returnee CEO* (0.1040, $z=2.86$) indicates that the results hold for founder CEO subsample. In column 2, the coefficient of *Returnee CEO* (0.1017, $z=3.48$) indicates that the results hold for chairman CEO sample. In column 3, the coefficient of *Returnee CEO* (0.1612, $z=3.49$) indicates that the results hold for both founder and chairman CEO subsample. Thus, our results are unlikely to be impacted by reverse causality.

“Insert Table 6 Here”

The reverse causality issue may also be driven by the concern of sample selection bias. We further address the potential observable sample selection bias with a one-to-one nearest neighbor PSM approach (Rosenbaum and Rubin, 1983). We use a Logit regression model using the explanatory variables including firm size, firm age, high-tech, board size, board independence, VC back with considering industry fixed effects and year fixed effects. Based on the closest propensity-score without replacement, each of the 67 firms managed by a returnee CEO is matched with another similar firm managed by a non-returnee CEO.

Panel A of Table 7 shows that the difference of observable determinants variables between the firms with returnee CEOs and firms with local CEOs is not significant in the propensity-score matched sample. In Panel B, we conduct the difference in mean test for undertaking Foreign IPOs. We find that China vs US&HK for firms managed by returnee CEO all significantly higher than for firms managed by non-returnee CEOs. The result is robust and indicates that the potential observable sample selection bias is less like to bias our baseline results.

“Insert Table 7 Here”

5.5 Management Team

Since prior literature shows that the top management team has an impact on IPO decisions (Hursti and Mauls, 2007) and the performance of IPOs (Zimmeman, 2008), we also test the impact of other top management team members with international experience on IPO market selection. To conduct the test, we identify the returnee status of board chairmen, CFOs, and other senior executives (e.g. vice-president, executive directors, vice-chairman, and board secretaries) from their IPO biographies. We test whether other top management team members with international experience affect foreign IPOs, and report the probit regression results in Table 8. All coefficients reported are the average marginal effects. In column 1, the coefficient of *Returnee Chairman* (0.0605, $z=2.69$) shows that entrepreneurial firms led by returnee chairmen are 6.05% more likely to choose to listed on the UK and HK markets than the mainland China market at 1% level. In column 2, the coefficient of *returnee CFOs* (0.1811, $z=5.75$) shows that entrepreneurial firms led by returnee CFOs are 18.11% more likely to choose to list on the US and HK markets than the mainland China market, at the 1% level. In column 3, the coefficient of other returnee senior executives (0.1071, $z=4.64$) shows that entrepreneurial firms led by other returnee senior

executives are 10.71% more likely to choose to list on the US and HK markets than the mainland China market, at the 1% level.

“Insert Table 8 Here”

6. Conclusion

Previous studies have investigated whether returnees outperform locals in contributing to the value of entrepreneurial firms (Wright et al., 2008; Filatotchev et al., 2009; Liu et al., 2010; Filatotchev et al., 2011; Lin et al., 2016). Our study extends this analysis by examining whether returnee CEOs affect IPO market selection and IPO underpricing. We find that entrepreneurial firms led by returnee CEOs tend to choose to list on foreign capital markets, especially when returnee CEOs have experience in countries with more advanced legal institutions and those operating in high-tech industries. However, Chinese entrepreneurial firms with returnee CEOs avoid listing on NASDAQ after 2011, following to the MW credibility crisis. The credibility crisis did not spread to the Hong Kong market, and entrepreneurial firms with returnee CEOs are negatively associated with IPO underpricing. Our results extend the current research into the effect of returnees on IPO market selection and contribute to the literature on foreign IPOs. Our insights benefit from the foreign network resources and the institutional expertise perspectives for analyzing the role of returnees. The findings have significant implications for policymakers and practitioners.

Although this paper provides a comprehensive analysis of the effect of returnee CEOs on entrepreneurial firms and finds robust and reliable results, the study has limitations that open avenues for future research. Firstly, we do not have the data to identify CEO's networks nor the quality of these connections. Secondly, prospectuses do not disclose detail concerning any venture

capital background, and we were unable to identify the nationality of venture capital investors. Thirdly, the sample period of the study only covers five years due to the restriction of hand-collect data. Future studies could usefully explore the impact of returnees' connections and quality on foreign IPOs and IPO performance, and investigate the impact of local versus foreign venture capital. Evidence from other emerging economies would helpfully expand our knowledge of international experience and IPOs.

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Appendix 1

Variables	Definition
Returnee CEO	Dummy variable equal to one if the CEO has overseas work experience, overseas study experience, overseas permanent residence, or holds a foreign nationality, and zero otherwise.
CEO Age	The age of the CEO at the time of the IPO.
Firm Size	The natural logarithm of total sales in the latest fiscal year before the time of the IPO.
Board Size	The number of directors on the board at the time of the IPO.
Board Independence	The percentage of independent directors on the board at the time of the IPO.
VC Back	Dummy variable equal to one if the firm is backed by VC at the time of the IPO, and zero otherwise.
High-Tech	Dummy variable equal to one if the firm is classified as a high-tech firm, and zero otherwise.
Firm Age	The age of the firm at the time of the IPO.
Founder CEO	Dummy variable equal to one if the CEO is the founder at the time of the IPO, and zero otherwise.
CEO Duality	Dummy variable equal to one if the CEO is the chairman at the time of the IPO, and zero otherwise.
IPO Underpricing	The percentage difference between the offer price and the closing price on the first trading day.
China vs US&HK	Dummy variable equal to one if the firm is listed on the NASDAQ or HKEX markets, and zero otherwise.
China vs US	Dummy variable equal to one if the firm is listed on the NASDAQ market, and zero if the firm is listed on the ChiNext market.
Post2011	Dummy variable equal to one if the IPO year is 2011 or 2012, and zero otherwise.
US Market	Dummy variable equal to one if the firm is listed on the NASDAQ market, and zero if the firm is listed on the ChiNext market.
HK Market	Dummy variable equal to one if the firm is listed on the HKEX market, and zero if the firm is listed on the ChiNext market.
Year effects	The year ranges from 2009 to 2012. Some year effect variables may be automatically omitted in different regressions.
Industry effects	Constructed by the first two digits of the Global Industry Classification Standard (GICS). Some industry effect variables may be automatically omitted in different regressions.
Returnee CEO * Common Law	CEOs are classified as returnees from common law countries if they have had overseas work experience, overseas study experience, overseas permanent residence rights or foreign nationality in the English common law countries. Source: La Porta et al. (1998) and Allen et al. (2005).
Returnee CEO * Rule of Law	Returnee CEO is equal to the rule of law index of the host countries and Non-returnee CEO is equal to the rule of law index of China. The higher value indicate the stronger rule of law. Source: La Porta et al. (1998) and Allen et al. (2005).
Returnee CEO * Corruption	Returnee CEO is equal to the corruption index of the host countries and Non-returnee CEO is equal to the corruption index of China. The higher value indicate the lower corruption. Source: La Porta et al. (1998) and Allen et al. (2005).
Returnee Chairman	Dummy variable equal to one if the board chairman has overseas work experience, overseas study experience, overseas permanent residence, or foreign nationality, and zero otherwise.
Returnee CFO	Dummy variable equal to one if the CFO has overseas work experience, overseas study experience, overseas permanent residence, or foreign nationality, and zero otherwise.
Other Returnee Senior Executives	Dummy variable equal to one if the other senior executives have overseas work experience, overseas study experience, overseas permanent residence, or hold foreign nationality, and zero otherwise.

Figure 1 Distribution of Foreign IPOs over Time

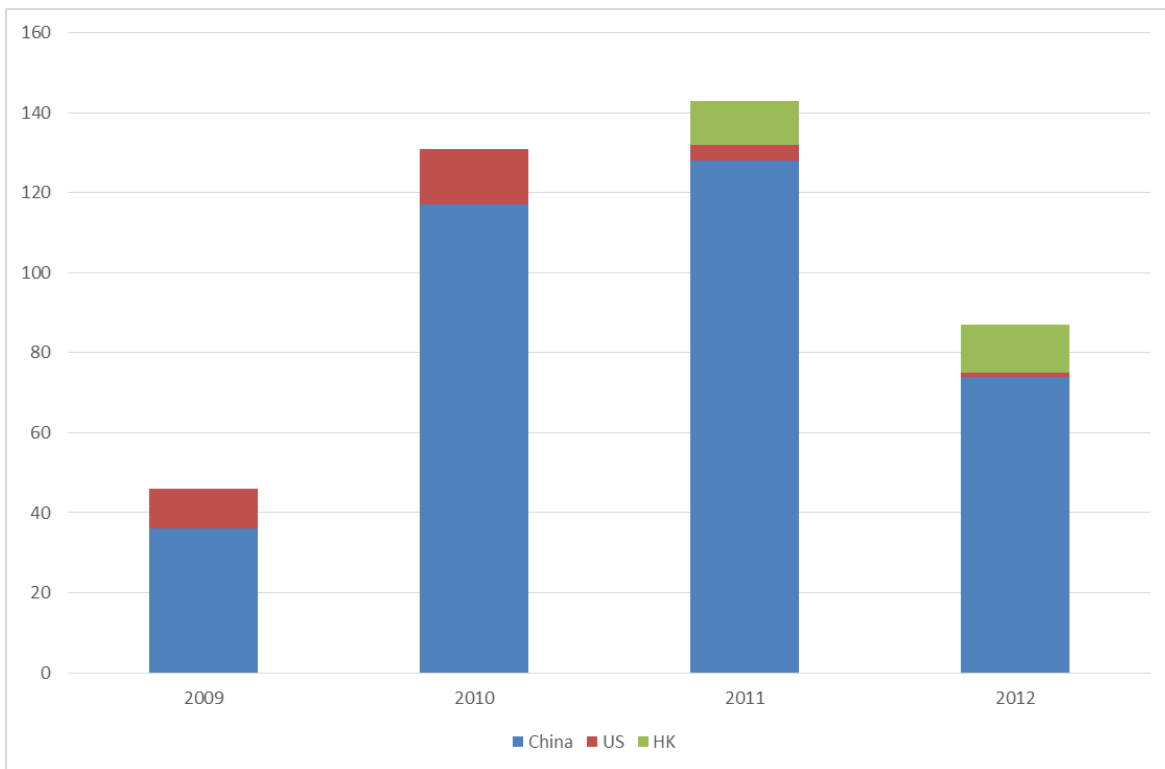


Figure 2. Returnee CEOs: Distribution of Host Countries

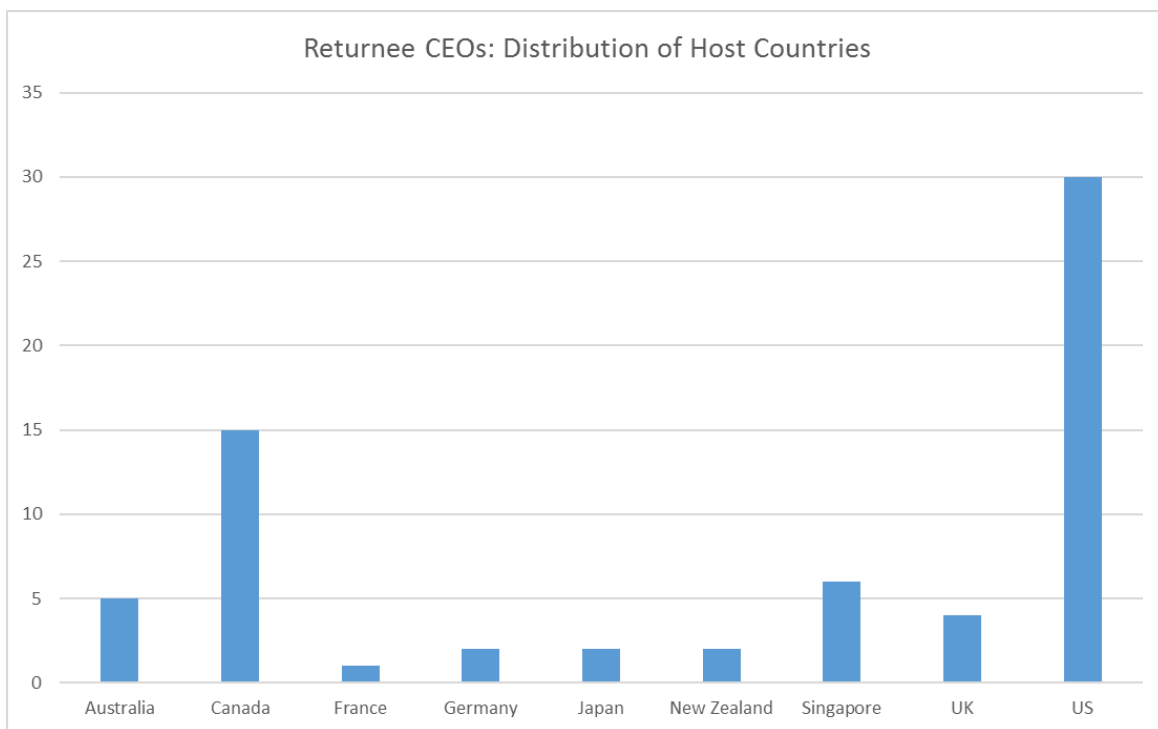


Table 1 Summary Statistics

This table reports the summary statistics of variables in this paper. All variables are defined in Appendix 1. The sample includes IPOs of Chinese firms listed in the ChiNext market, NASDAQ market, and HKEX market from 2009 to 2012.

Variables	China Mainland				US				HK				China — US	China — HK	US — HK
	Obs	Mean	SD	Median	Obs	Mean	SD	Median	Obs	Mean	SD	Median	Mean in Diff	Mean in Diff	Mean in Diff
Returnee CEO	355	0.13	0.34	0	33	0.30	0.47	0	23	0.43	0.51	0	-0.17**	-0.3024***	-0.1317
CEO Age	355	45.16	5.62	45	33	44.39	6.66	43	23	47.91	9.98	43	0.77	-2.7525	-3.5191
Founder CEO	355	0.54	0.50	1	33	0.76	0.44	1	23	0.52	0.51	1	-0.22***	0.0191	0.2358*
CEO Duality	355	0.53	0.50	1	33	0.61	0.50	1	23	0.39	0.50	1	-0.08	0.1383	0.2148
Firm Size	355	19.31	0.63	19.25	33	19.61	1.07	19.66	23	18.32	0.87	18.28	-0.30**	0.9929***	1.2935***
Board Size	355	8.38	1.40	9	33	6.21	1.69	6	23	6.57	1.47	6	2.17***	1.8151***	-0.3531
Board Independence	355	0.37	0.05	0.33	33	0.48	0.15	0.5	23	0.50	0.13	0.5	-0.11***	-0.1307***	-0.0168
VC Back	355	0.09	0.10	0.06	33	0.68	0.47	1	23	0.26	0.45	0	-0.08	0.4180***	0.1343***
High-Tech	355	0.36	0.48	0	33	0.64	0.49	1	23	0.13	0.34	1	-0.27***	0.2329***	0.5059***
Firm Age	355	8.31	4.61	8.46	33	8.61	2.860	9	23	11.96	6.55	9	-0.30	-3.6462**	-3.3505**
IPO Underpricing	355	0.34	0.36	0.25	33	0.10	0.36	-0.01	23	0.18	0.28	0.08	0.24***	0.1562**	-0.0853

Table 2 Returnee CEOs and Foreign IPOs

This table reports the probit regression analyses between Returnee CEO and listed market selection. All the variables are defined in Appendix 1. The coefficients reported are average marginal effects. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Variables	China vs US&HK	China vs US	China vs HK
Returnee CEO	0.0924*** (4.01)	0.0517*** (3.48)	0.1030*** (2.60)
Firm Size	0.0178 (1.19)	0.0298*** (3.19)	-0.0553*** (-4.23)
Board Size	-0.0406*** (-4.71)	-0.0240*** (-4.29)	0.0141** (2.03)
Board Independence	0.6533*** (4.75)	0.3262*** (3.53)	1.0499*** (4.02)
VC Back	0.0245 (1.13)	0.0411*** (2.90)	-0.04122* (-1.79)
High Tech	0.08974*** (3.14)	0.0643*** (3.33)	-0.0028 (-0.10)
Firm Age	0.0076*** (3.28)	0.0051** (2.23)	0.0023* (1.80)
Founder CEO	0.0314 (1.33)	0.0427*** (2.75)	-0.0116 (-0.45)
CEO Duality	-0.0690** (-2.42)	-0.0461** (-2.53)	-0.1371*** (-3.41)
CEO Age	-0.0027* (-1.66)	-0.0016 (-1.32)	0.0002 (0.09)
CEO Ownership	0.1449** (2.00)	0.1017** (2.14)	0.2395** (2.26)
MBA	0.0189 (0.69)	0.0052 (0.24)	0.0755*** (2.65)
Year effects	YES	YES	YES
Industry effects	YES	YES	YES
Pseudo R ²	0.5984	0.7112	0.7538
N	411	388	378

Table 3 The Strength of Host Countries' Legal institutions.

This table reports the probit regression analyses between host countries' legal institutions and listed market selection. *Returnee CEO*, *Common Law*, *Rule of Law* and *Corruption* are dropped by the model due to multi-collinearity. All the variables are defined in Appendix 1. The coefficients reported are average marginal effects. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10%

Variables	China vs US&HK	China vs US&HK	China vs US&HK
Returnee CEO * Common Law	0.0942*** (4.09)		
Returnee CEO * Rule of Law		0.0188*** (3.95)	
Returnee CEO * Corruption			0.0132*** (4.00)
Firm Size	0.0179 (1.20)	0.0185 (1.22)	0.0177 (1.17)
Board Size	-0.0406*** (-4.73)	-0.0402*** (-4.53)	-0.0407*** (-4.65)
Board Independence	0.6503*** (4.74)	0.6670*** (4.67)	0.6674*** (4.76)
VC Back	0.0250 (1.16)	0.0263 (1.22)	0.0270 (1.24)
High Tech	0.0902*** (3.19)	0.0891*** (3.11)	0.0887*** (3.10)
Firm Age	0.0074*** (3.24)	0.0077*** (3.36)	0.0076*** (3.31)
Founder CEO	0.0289 (1.22)	0.0327 (1.38)	0.0308 (1.30)
CEO Duality	-0.0663** (-2.31)	-0.0714** (-2.46)	-0.0691** (-2.41)
CEO Age	-0.0027* (-1.65)	-0.0028* (-1.67)	-0.0027* (-1.65)
CEO Ownership	0.1431** (1.99)	0.1451** (1.99)	0.1433** (1.98)
MBA	0.0182 (0.67)	0.0191 (0.70)	0.0185 (0.67)
Year effects	YES	YES	YES
Industry effects	YES	YES	YES
Pseudo R ²	0.5999	0.5964	0.5972
N	411	411	411

level, respectively.

Table 4 High-tech Industry and Muddy Water Research

This table reports the probit regression analyses between Returnee CEO and listed market selection, by moderating effects of high-tech industries and Muddy Water research. All the variables are defined in Appendix 1. The coefficients reported are average marginal effects. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Variables	Panel A	Panel B
	China vs US&HK	China vs US&HK ¹³
Returnee CEO	0.0454 (1.33)	0.0733*** (4.04)
High-tech	0.0633** (2.03)	0.0600*** (3.12)
Returnee CEO*High-tech	0.0870* (1.70)	
Post2011		-0.0623** (-2.10)
Returnee CEO*Post 2011		-0.0554** (-2.13)
Firm Size	0.0151 (1.01)	0.0285** (3.11)
Board Size	-0.0417*** (-4.91)	-0.0229*** (-4.13)
Board Independence	0.6138*** (4.76)	0.3453 *** (3.70)
Firm Age	0.0076*** (3.36)	0.0053** (2.38)
VC Back	0.0293 (1.41)	0.0501*** (3.33)
Founder CEO	0.0394* (1.72)	0.0420*** (2.77)
CEO Duality	-0.0674** (-2.45)	-0.0473** (-2.71)
CEO Ownership	0.1347* (1.87)	0.1003** (2.14)
CEO Age	-0.0030* (-1.85)	-0.0018 (-1.55)
MBA	0.0185 (0.70)	0.0058 (0.28)
Year effects	YES	YES
Industry effects	YES	YES
R ²	0.6071	0.7185
N	411	388

¹³ We exclude observations that list on Hong Kong second board market because there is no IPOs of Chinese firm in 2009 and 2010 naturally. Including IPOs of Chinese firms in Hong Kong may induce the selection bias.

Table 5 Returnee CEOs and Foreign IPO Underpricing

This table reports the OLS regression analyses between Foreign IPOs with returnee CEOs and IPO underpricing, by split sample. All the variables are defined in Appendix 1. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Variables	Panel A		Panel B
	IPO Underpricing	IPO Underpricing	IPO Underpricing
	Before 2011	After 2011	After 2011 ¹⁴
Returnee CEO	0.1529* (1.70)	0.0363 (0.58)	0.0317 (0.50)
US Market	-0.3924*** (-2.73)	-0.1200 (-1.35)	
Returnee CEO*US Market	-0.3882** (-2.07)	0.2199 (1.39)	
HK Market			-0.1529 (-1.48)
Returnee CEO*HK Market			-0.1440 (-1.34)
Firm Size	-0.0370 (-0.91)	-0.1027*** (-3.10)	-0.1065*** (-3.43)
High-tech	-0.0834 (-1.12)	-0.0343 (-0.60)	-0.0435 (-0.78)
Board Size	-0.0305* (-1.73)	-0.0371* (-1.88)	-0.0322 (-1.59)
Board Independence	0.0921 (0.26)	-0.8539** (-2.01)	-0.6079 (-1.50)
Firm Age	0.0059 (1.04)	0.0079* (1.78)	0.0060 (1.43)
VC Back	0.1121** (2.07)	-0.0475 (-1.12)	-0.0534 (-1.35)
Founder CEO	0.0090 (0.16)	-0.0095 (-0.20)	-0.0197 (-0.42)
CEO Duality	-0.0279 (-0.45)	-0.0349 (-0.53)	-0.0365 (-0.59)
CEO Ownership	-0.2992* (-1.68)	0.1644 (0.90)	0.1655 (0.97)
CEO Age	0.0008 (0.18)	0.0026 (0.72)	0.0018 (0.53)
MBA	0.0309 (0.37)	0.0711 (1.09)	0.0503 (0.78)
Constant	1.3197 (1.45)	2.5387*** (3.59)	2.8393*** (4.24)
Year effects	YES	YES	YES
Industry effects	YES	YES	YES
R2	0.455	0.158	0.164
N	181	207	225

¹⁴ We do not test the IPO underpricing in Hong Kong second board market before 2011 because there is no IPOs of Chinese firm in 2009 and 2010 naturally.

Table 6 CEO, Founder Duality and Chairman Duality

This table reports the probit regression analyses between Returnee CEO and listed market selection by subsamples. Panel A reports the results based on subsample in which CEOs are also founders. Panel B reports the results based on subsamples in which CEOs are also chairmen. Panel C reports the results on subsample in which CEOs are also founders and chairmen. All the variables are defined in Appendix 1. The coefficients reported are average marginal effects. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Variables	Panel A	Panel B	Panel C
	China vs US&HK	China vs US&HK	China vs US&HK
Returnee CEO	0.1040*** (2.86)	0.1017*** (3.48)	0.1612*** (3.49)
Firm Size	0.0272 (1.16)	0.0156 (0.80)	0.0194 (0.83)
High-tech	0.1161*** (2.87)	0.0674* (1.71)	0.0653 (1.20)
Board size	-0.0502*** (-4.51)	-0.0616*** (-4.77)	-0.0871*** (-4.59)
Board Independence	0.6917*** (3.43)	0.2927 (1.53)	0.4345* (1.84)
Firm Age	0.0136*** (3.18)	0.116*** (3.17)	0.0174*** (2.90)
VC Back	0.0712** (1.96)	0.0265 (0.88)	0.0408 (1.13)
CEO Ownership	0.1903* (1.85)	0.0741 (1.11)	-0.0008 (-0.01)
CEO Age	-0.0046 (-1.11)	-0.0014 (-0.46)	-0.0068 (-1.49)
MBA	0.0057 (0.13)	0.1987 (0.37)	0.0318 (0.79)
CEO Duality	-0.6099 (-1.18)		
Founder CEO		0.0883** (2.17)	
Year effects	YES	YES	YES
Industry effects	YES	YES	YES
Pseudo R ²	0.6048	0.7138	0.7087
N	229	217	171

Table 7 Returnee CEOs and Foreign IPOs: Propensity-score Matched Sample

This table reports results for the impact of returnee CEOs on foreign IPOs in the propensity-score matched sample. Panel A present the mean in difference between returnee CEO and non-returnee CEO by determinants. Panel B present the mean in difference between returnee CEOs and non-returnee CEOs by Foreign IPOs in a propensity-matched sample. All the variables are defined in the Appendix 1. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Determinants of firms with returnee CEOs

	Returnee CEOs (R)	Predicted Returnee CEOs (P)	R-P
	Mean	Mean	Mean in Diff
Firm Size	19.2439	19.3927	-0.1488
Board Size	8.1791	8.4478	-0.2687
Board Independence	0.4057	0.3960	0.0097
VC Back	0.7164	0.7313	-0.0149
High-Tech	0.3881	0.3433	0.0448
Firm Age	9.5841	9.2803	0.3038
#Observations	67	67	

Panel B: Foreign IPOs

	Returnee CEOs (R)	Predicted Returnee CEOs (P)	R-P
	mean	Mean	Mean in Diff
China vs US&HK	0.2985	0.1493	0.1493**
#Observations	67	67	

Table 8 Chairman, CFO, Other Senior Executives and Foreign IPOs

This table reports the probit regression analyses between Returnee Chairman, Returnee CFO, and Other Returnee Senior Executives and listed market selection. All the variables are defined in Appendix 1. The coefficients reported are average marginal effects. T-values are in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% level, respectively.

Variables	China vs US&HK	China vs US&HK	China vs US&HK
Returnee Chairman	0.0605*** (2.69)		
Returnee CFO		0.1811*** (5.75)	
Other Returnee Senior Executives			0.1071*** (4.64)
Firm Size	0.0223 (1.31)	0.0139 (1.26)	0.0188 (1.17)
Board Size	-0.0381*** (-3.82)	-0.0233*** (-3.06)	-0.0385*** (-4.59)
Board Independence	0.6823*** (4.24)	0.7786*** (5.72)	0.7459*** (5.41)
VC Back	0.0350** (2.52)	0.0217 (1.04)	0.0218 (1.00)
High-Tech	0.0912*** (3.46)	0.0768*** (3.15)	0.0949*** (3.30)
Firm Age	0.0085*** (3.83)	0.0054*** (2.76)	0.0077*** (3.98)
Founder CEO	0.0451* (1.75)	0.0268 (1.36)	0.0345 (1.53)
CEO Duality	-0.0552** (-2.13)	-0.0323 (-1.64)	-0.0505** (-2.17)
Year effects	YES	YES	YES
Industry effects	YES	YES	YES
Pseudo R ²	0.5648	0.7174	0.6127
N	411	411	411